

**INTERNATIONAL ASSOCIATION  
OF ASSESSING OFFICERS**

**INDEPENDENT AUDITORS' REPORT AND  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2015 AND 2014**

**INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS**

**DECEMBER 31, 2015 AND 2014**

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# EMERICK & COMPANY, P.C.

David Emerick  
Rick Hann  
CERTIFIED PUBLIC ACCOUNTANTS, AUDITING AND TAX PROFESSIONALS

## INDEPENDENT AUDITORS' REPORT

Executive Board  
International Association of Assessing Officers  
Kansas City, Missouri

We have audited the accompanying financial statements of International Association of Assessing Officers (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Association of Assessing Officers as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kansas City, Missouri  
March 29, 2016

*Emerick + Company, P.C.*

**INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,004,211	\$ 1,833,871
Accounts receivable, net of allowance; 2015 and 2014- \$2,600	238,303	163,365
Inventories, net of reserve for obsolescence; 2015 - \$19,480, and 2014 - \$19,584	45,648	37,693
Prepaid expenses	299,847	121,958
Investments	4,318,339	5,290,410
Contribution receivable	100	100
Property and equipment, net of accumulated depreciation	1,283,763	1,342,873
Total assets	\$ 8,190,211	\$ 8,790,270
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 201,616	\$ 283,200
Deferred revenue	920,257	958,704
Total liabilities	1,121,873	1,241,904
 <b>Net Assets</b>		
Unrestricted	6,789,544	7,273,847
Temporarily restricted	278,794	274,519
Total net assets	7,068,338	7,548,366
Total liabilities and net assets	\$ 8,190,211	\$ 8,790,270

See Notes to Financial Statements

**INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
Membership dues and fees	\$ 1,211,295	\$ -	\$ 1,211,295
Annual conference	714,519	-	714,519
Publications and marketing	259,619	-	259,619
Research and information	119,548	-	119,548
Education and professionalism	1,760,086	-	1,760,086
Contributions	2,683	8,416	11,099
Interest and dividend income	64,564	1,634	66,198
Net realized and unrealized losses on investments	(55,356)	-	(55,356)
Other	2,811	-	2,811
Net assets released from restrictions	5,775	(5,775)	-
	<u>4,085,544</u>	<u>4,275</u>	<u>4,089,819</u>
<b>Expenses</b>			
Program services			
Annual conference	852,854	-	852,854
Publications and marketing	528,589	-	528,589
Research and information	367,987	-	367,987
Education and professionalism	943,702	-	943,702
Membership services	736,165	-	736,165
	<u>3,429,297</u>	<u>-</u>	<u>3,429,297</u>
Management and general	1,140,550	-	1,140,550
	<u>4,569,847</u>	<u>-</u>	<u>4,569,847</u>
<b>Change in Net Assets</b>	(484,303)	4,275	(480,028)
<b>Net Assets, Beginning of Year</b>	<u>7,273,847</u>	<u>274,519</u>	<u>7,548,366</u>
<b>Net Assets, End of Year</b>	<u>\$ 6,789,544</u>	<u>\$ 278,794</u>	<u>\$ 7,068,338</u>

See Notes to Financial Statements

**INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
Membership dues and fees	\$ 1,283,449	\$ -	\$ 1,283,449
Annual conference	617,960	-	617,960
Publications and marketing	344,425	-	344,425
Research and information	53,860	-	53,860
Education and professionalism	1,655,987	-	1,655,987
Contributions	5,744	11,966	17,710
Interest and dividend income	59,514	917	60,431
Net realized and unrealized gains investments	14,659	-	14,659
Other	1,714	-	1,714
Net assets released from restrictions	3,127	(3,127)	-
	<u>4,040,439</u>	<u>9,756</u>	<u>4,050,195</u>
<b>Expenses</b>			
Program services			
Annual conference	734,018	-	734,018
Publications and marketing	531,923	-	531,923
Research and information	274,423	-	274,423
Education and professionalism	803,632	-	803,632
Membership services	720,124	-	720,124
	<u>3,064,120</u>	<u>-</u>	<u>3,064,120</u>
Management and general	980,292	-	980,292
	<u>4,044,412</u>	<u>-</u>	<u>4,044,412</u>
<b>Change in Net Assets</b>	(3,973)	9,756	5,783
<b>Net Assets, Beginning of Year</b>	<u>7,277,820</u>	<u>264,763</u>	<u>7,542,583</u>
<b>Net Assets, End of Year</b>	<u>\$ 7,273,847</u>	<u>\$ 274,519</u>	<u>\$ 7,548,366</u>

See Notes to Financial Statements

**INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Operating Activities</b>		
Change in net assets	\$ (480,028)	\$ 5,783
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	213,803	194,626
Unrealized losses (gains) on investments	55,356	(14,659)
Dividends reinvested	(34,523)	(13,551)
Changes in:		
Accounts receivable	(74,938)	44,046
Inventories	(7,955)	9,186
Prepaid expenses	(177,889)	(859)
Accounts payable and accrued expenses	(81,584)	26,010
Deferred revenue	(38,447)	6,759
Net cash (used) provided by operating activities	<u>(626,205)</u>	<u>257,341</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(154,692)	(110,096)
Net sale of investments	951,237	(1,004,739)
Net cash provided (used) by investing activities	<u>796,545</u>	<u>(1,114,835)</u>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	170,340	(857,494)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,833,871</u>	<u>2,691,365</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 2,004,211</u></u>	<u><u>\$ 1,833,871</u></u>

See Notes to Financial Statements

**INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

International Association of Assessing Officers (the Association) is a not-for-profit organization of approximately 7,100 members whose mission and principal activities are to provide leadership in accurate property valuation, property tax administration and property tax policy. The major services provided by the Association to members include conducting an annual meeting, conducting professional development workshops and seminars, performing research, providing technical assistance and publishing a journal, a magazine and several electronic newsletters, as well as various textbooks and reference books in the area of ad valorem taxation. The Association's revenues and other support are derived principally from the sale of education course materials, as well as membership fees, meeting/seminar registration fees, and the sale of publications and advertising revenue. The Association's services are provided to members and others throughout the world, but principally within the United States and Canada.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets are classified and reported as follows:

*Unrestricted net assets* - Net assets that are not subject to any donor-imposed restrictions.

*Temporarily restricted net assets* - Net assets subject to donor-imposed restrictions on their use that may be met by actions of the Association or the passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Association. Generally, the donors permit the Association to use all or part of the income earned for either general or donor-specified purposes.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reported period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Association considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2015 and 2014, cash equivalents consist primarily of money market accounts. The Association's cash deposits exceeded the Federal Deposit Insurance Corporation limits at various times during the years ended December 31, 2015 and 2014.

**Investment and Investment Return**

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income, realized



**INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Investment and Investment Return (Continued)**

and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments. Investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the risks associated with investment securities and the uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in fair value could materially affect the net assets of the Association.

**Accounts Receivable**

Accounts receivable are stated at the amounts billed to customers, plus any late charges. All accounts receivable are contractually due within one year. The Association provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts that are unpaid after the due date are charged a 1.5% late fee. Delinquent accounts are not turned over to collection agencies; however, they are identified to prevent any additional sales. The delinquency of accounts is based upon past due status in accordance with payment terms. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

**Prepaid Expenses**

It is the Association's policy to capitalize curriculum costs associated with the writing of course materials. These costs are amortized over three years.

**Property and Equipment**

Property and equipment are capitalized at cost and are depreciated on a straight-line basis over the estimated useful life of each asset. A full year of depreciation expense is taken in the year in which the asset is acquired. Additions with a cost less than \$500 are charged to expense when incurred.

**Contributed Services**

A significant amount of donated services is contributed to the Association by various members to support the Association's program services. These volunteer activities include participating on the Executive Board and numerous other committees. The value of these services has not been included in the financial statements as they do not meet the criteria for recognition in the financial statements.

**Inventory Pricing**

Inventories primarily consist of finished course materials and publications. Inventories are stated at the lower of cost or market method on a first-in, first-out basis. Inventory is shown net of a reserve for obsolete or slow moving items of \$19,480 and \$19,584 in 2015 and 2014, respectively.

**INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Deferred Revenue**

Revenue from fees for annual membership dues is deferred and recognized over the periods to which the fees relate. Annual membership dues are on a calendar year basis. Other deferred revenue consists of designation fees and advance payments received for advertising applicable to a future year.

**Income Taxes**

The Association is exempt from income taxes under Section 501 of the Internal Revenue Code (IRC) and a similar provision of state law. However, the Association is subject to federal income tax on any unrelated business taxable income.

**Functional Allocation of Expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program and supporting services based on the actual or estimated time employees spend on each function.

**Subsequent Events**

Subsequent events have been evaluated through March 29, 2016 which is the date the financial statements were available to be issued.

**NOTE 2: INVESTMENTS**

Investments at December 31 consisted of the following:

	<u>2015</u>	<u>2014</u>
Fixed income mutual funds	\$ 1,700,955	\$ 1,704,702
Equity mutual funds	1,702,722	1,168,964
Money market mutual funds	363,167	102,693
Equity securities	14,510	14,140
Growth stock fund	64,218	68,170
Certificates of deposit	<u>472,767</u>	<u>2,231,741</u>
	<b>\$ <u>4,318,339</u></b>	<b>\$ <u>5,290,410</u></b>

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment at December 31 consisted of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 276,400	\$ 276,400
Building	1,518,043	1,508,541
Furniture, fixtures and equipment	1,245,611	1,100,420
	3,040,054	2,885,361
Less: accumulated depreciation	<u>1,756,291</u>	<u>1,542,488</u>
	<b>\$ <u>1,283,763</u></b>	<b>\$ <u>1,342,873</u></b>

**INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 4: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31 were available for the following purposes:

	<u>2015</u>	<u>2014</u>
Award educational grants	\$ 222,703	\$ 221,767
Support library functions	41,323	37,405
Support annual conference	13,141	13,622
Support past president functions	<u>1,627</u>	<u>1,725</u>
	\$ <u>278,794</u>	\$ <u>274,519</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2015</u>	<u>2014</u>
Equipment for new headquarters facility	\$ 100	\$ 100
Award educational grants	525	34
Support annual conference	2,000	1,500
Support Paul V. Corusy library trust	1,650	-
Support past president functions	<u>1,500</u>	<u>1,493</u>
	\$ <u>5,775</u>	\$ <u>3,127</u>

**NOTE 5: OPERATING LEASE**

The Association leases office equipment under a noncancellable operating lease that expires in 2020. Rent expense for all leases totaled \$32,369 and \$40,876 for the years ended December 31, 2015 and 2014, respectively. Future minimum lease payments at December 31, 2015 were:

2016	64,212
2017	63,684
2018	63,684
2019	63,684
2020	<u>34,496</u>
	\$ <u>289,760</u>

**NOTE 6: PENSION PLAN**

The Association has a defined contribution pension plan covering substantially all employees. Each eligible employee is permitted to make contributions to the Plan pursuant to Section 403(b) of the Internal Revenue Code. The Plan calls for the Association to make a contribution to each eligible employee's account totaling 5% of his or her compensation, plus a 100% match of the employee's contribution, not exceeding 5% of his or her compensation. Employees vest immediately in their own contributions and are 100% vested in the employer contributions after five years of service. Plan forfeitures are placed in a repurchase fund and are used to reduce future contributions. Retirement plan expense was \$80,455 and \$99,389 for 2015 and 2014, respectively.

**NOTE 7: FAIR VALUE MEASUREMENTS**

GAAP defines fair value and establishes a consistent framework for measuring fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These provisions establish a fair value hierarchy that prioritizes the inputs used to measure fair value. An asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

**INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 7: FAIR VALUE MEASUREMENTS (Continued)**

- Level 1            Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2            Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3            Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Level 1 assets measured at fair value on a recurring basis as of December 31 were as follows:

	<u>2015</u>	<u>2014</u>
Fixed income mutual funds	\$ 1,700,955	\$ 1,704,702
Equity mutual funds	1,702,722	1,168,964
Money market mutual funds	363,167	102,693
Growth stock fund	64,218	68,170
Equity securities	<u>14,510</u>	<u>14,140</u>
	<u>\$ 3,845,572</u>	<u>\$ 3,058,669</u>

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

There were no Level 2 or Level 3 assets measured at fair value on a recurring basis during the year or at December 31, 2015 and 2014.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.